

## SENATE BILL No. 297

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.5-7.

**Synopsis:** Income tax revenue for fairgrounds. Permits counties to use county economic development income tax (CEDIT) revenue for the construction, renovation, and operation of county fairgrounds.

**Effective:** Upon passage.

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January 6, 2005, read first time and referred to Committee on Tax and Fiscal Policy.

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Introduced

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

## SENATE BILL No. 297

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-3.5-7-12 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) Except as  
3 provided in sections 23, 25, 26, ~~and~~ 27, **and 28** of this chapter, the  
4 county auditor shall distribute in the manner specified in this section  
5 the certified distribution to the county.

6 (b) Except as provided in subsections (c) and (h) and sections 15  
7 and 25 of this chapter, the amount of the certified distribution that the  
8 county and each city or town in a county is entitled to receive during  
9 May and November of each year equals the product of the following:

10 (1) The amount of the certified distribution for that month;  
11 multiplied by

12 (2) A fraction. The numerator of the fraction equals the sum of the  
13 following:

14 (A) Total property taxes that are first due and payable to the  
15 county, city, or town during the calendar year in which the  
16 month falls; plus

17 (B) For a county, an amount equal to the property taxes



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imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

The denominator of the fraction equals the sum of the total property taxes that are first due and payable to the county and all cities and towns of the county during the calendar year in which the month falls, plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before July 1 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

(1) The ordinance is effective January 1 of the following year.

(2) Except as provided in sections 25 and 26 of this chapter, the amount of the certified distribution that the county and each city and town in the county is entitled to receive during May and November of each year equals the product of:

(A) the amount of the certified distribution for the month; multiplied by

(B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of the county that is not located in a city or town. The denominator of the fraction equals the sum of the population of all cities and towns located in the county and the population of the part of the county that is not located in a city or town.

(3) The ordinance may be made irrevocable for the duration of specified lease rental or debt service payments.

(d) The body imposing the tax may not adopt an ordinance under subsection (c) if, before the adoption of the proposed ordinance, any of the following have pledged the county economic development income tax for any purpose permitted by IC 5-1-14 or any other statute:

(1) The county.

(2) A city or town in the county.

(3) A commission, a board, a department, or an authority that is authorized by statute to pledge the county economic development income tax.

(e) The department of local government finance shall provide each county auditor with the fractional amount of the certified distribution that the county and each city or town in the county is entitled to receive

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1 under this section.

2 (f) Money received by a county, city, or town under this section  
3 shall be deposited in the unit's economic development income tax fund.

4 (g) Except as provided in subsection (b)(2)(B), in determining the  
5 fractional amount of the certified distribution the county and its cities  
6 and towns are entitled to receive under subsection (b) during a calendar  
7 year, the department of local government finance shall consider only  
8 property taxes imposed on tangible property subject to assessment in  
9 that county.

10 (h) In a county having a consolidated city, only the consolidated city  
11 is entitled to the certified distribution, subject to the requirements of  
12 sections 15, 25, and 26 of this chapter.

13 SECTION 2. IC 6-3.5-7-13.1 IS AMENDED TO READ AS  
14 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13.1. (a) The fiscal  
15 officer of each county, city, or town for a county in which the county  
16 economic development tax is imposed shall establish an economic  
17 development income tax fund. Except as provided in sections 23, 25,  
18 26, ~~and 27, and 28~~ of this chapter, the revenue received by a county,  
19 city, or town under this chapter shall be deposited in the unit's  
20 economic development income tax fund.

21 (b) Except as provided in sections 15, 23, 25, 26, ~~and 27, and 28~~ of  
22 this chapter, revenues from the county economic development income  
23 tax may be used as follows:

24 (1) By a county, city, or town for economic development projects,  
25 for paying, notwithstanding any other law, under a written  
26 agreement all or a part of the interest owed by a private developer  
27 or user on a loan extended by a financial institution or other  
28 lender to the developer or user if the proceeds of the loan are or  
29 are to be used to finance an economic development project, for  
30 the retirement of bonds under section 14 of this chapter for  
31 economic development projects, for leases under section 21 of  
32 this chapter, or for leases or bonds entered into or issued prior to  
33 the date the economic development income tax was imposed if  
34 the purpose of the lease or bonds would have qualified as a  
35 purpose under this chapter at the time the lease was entered into  
36 or the bonds were issued.

37 (2) By a county, city, or town for:

38 (A) the construction or acquisition of, or remedial action with  
39 respect to, a capital project for which the unit is empowered to  
40 issue general obligation bonds or establish a fund under any  
41 statute listed in IC 6-1.1-18.5-9.8;

42 (B) the retirement of bonds issued under any provision of

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Indiana law for a capital project;

(C) the payment of lease rentals under any statute for a capital project;

(D) contract payments to a nonprofit corporation whose primary corporate purpose is to assist government in planning and implementing economic development projects;

(E) operating expenses of a governmental entity that plans or implements economic development projects;

(F) to the extent not otherwise allowed under this chapter, funding substance removal or remedial action in a designated unit; or

(G) funding of a revolving fund established under IC 5-1-14-14.

(c) As used in this section, an economic development project is any project that:

(1) the county, city, or town determines will:

(A) promote significant opportunities for the gainful employment of its citizens;

(B) attract a major new business enterprise to the unit; or

(C) retain or expand a significant business enterprise within the unit; and

(2) involves an expenditure for:

(A) the acquisition of land;

(B) interests in land;

(C) site improvements;

(D) infrastructure improvements;

(E) buildings;

(F) structures;

(G) rehabilitation, renovation, and enlargement of buildings and structures;

(H) machinery;

(I) equipment;

(J) furnishings;

(K) facilities;

(L) administrative expenses associated with such a project, including contract payments authorized under subsection (b)(2)(D);

(M) operating expenses authorized under subsection (b)(2)(E); or

(N) to the extent not otherwise allowed under this chapter, substance removal or remedial action in a designated unit;

or any combination of these.

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SECTION 3. IC 6-3.5-7-28 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 28. (a) As used in this section, "county fairgrounds" means any property that a political subdivision, a society, an association, or a corporation owns or leases or intends to own or lease for the primary purpose of hosting and conducting a county fair.**

**(b) As used in this section, "develop" means:**

**(1) to pay the costs of acquiring, constructing, improving, renovating, equipping, operating, or financing a county fairgrounds; or**

**(2) to make principal and interest payments on any bonds issued, or to make lease rental payments under leases entered into, for acquiring, constructing, improving, renovating, equipping, operating, or financing a county fairgrounds.**

**(c) Except as provided in subsection (f), the appropriate body, as authorized under section 5(a) of this chapter, may adopt an ordinance to designate the county economic development income tax revenue generated by the tax rate adopted under section 5(b) of this chapter, or revenue generated by a part of the tax rate, as revenue that will be used to develop a county fairgrounds. The appropriate body may not designate for county fairgrounds development purposes any county economic development income tax revenue that is generated by a tax rate of more than one-tenth percent (0.1%).**

**(d) If a county adopts an ordinance under subsection (c), the county treasurer shall establish a county fairgrounds development fund to be used only for purposes of this section. The revenue designated by the ordinance under subsection (c) must be deposited in the county fairgrounds development fund before calculating the county, city, and town shares under section 12 of this chapter. Any interest earned on the money in the county fairgrounds development fund becomes part of the county fairgrounds development fund. Money in the county fairgrounds development fund is treated as miscellaneous revenue.**

**(e) An ordinance adopted under this section initially applies to certified distributions of county economic development income tax revenue that the county receives after January 1 of:**

**(1) the following year if the ordinance is adopted before July 1; or**

**(2) the year after the following year if the ordinance is adopted after June 30.**

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1 An ordinance adopted under this section remains in effect until it  
2 is amended or repealed. An amendment to or repeal of an  
3 ordinance adopted under this section may take effect not earlier  
4 than January 1 of the year following the year of amendment or  
5 repeal.

6 (f) The appropriate body, as authorized under section 5(a) of  
7 this chapter, may not adopt, amend, or repeal an ordinance under  
8 this section if the action taken impairs the rights and remedies of  
9 the owners of obligations, unless the obligations, interest on the  
10 obligations, interest on an unpaid installment of interest, and all  
11 costs and expenses in connection with an action or proceeding by  
12 or on behalf of the owners are fully paid and discharged.

13 SECTION 4. An emergency is declared for this act.

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